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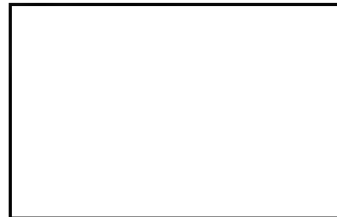
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NATIONAL INTELLIGENCE DAILY CABLE

Monday August 29, 1977

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NATIONAL SECURITY INFORMATION

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National Intelligence Daily Cable for Monday, August 29, 1977.

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The NID Cable is for the purpose of informing senior US officials.

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LEBANON: Latest Peace Plan

25X1 [] //Lebanese Foreign Minister Boutros has unveiled to the US Ambassador details of the latest plan to resolve the tense situation in southern Lebanon. Boutros asked the US to comment on the plan and to solicit Israel's reaction. He said he would regard the Israeli response as an important indication of Israel's intentions and of US willingness to use its influence.//

25X1 [] //The plan, as outlined, includes provisions similar to those already contained in the agreement signed in Shaturah last month to regulate Palestinian activity in Lebanon, which still has not been fully implemented, plus some new twists. There reportedly would be a general, although not complete, withdrawal of Palestinian guerrillas from the south to camps in Tyre and elsewhere in Lebanon. Two armed Palestinian groups would remain, however, in the Bint Jubayl and Argub areas. Armaments would be limited along the lines of the Cairo agreement of 1969.//

25X1 [] //Concurrent with the Palestinian withdrawal, a 1,000-man Lebanese Army force would move into three main positions in the South, Marj Uyun, Nabatiyah, and Tyre. Boutros stressed that the force would be entirely Lebanese--a recognition of Israel's concern that Syrian personnel not be sent south disguised as members of the Lebanese Army.//

25X1 [] //Perhaps the most surprising element in the plan is a suggestion that Syria would be willing to take in all Palestinian guerrillas who have entered Lebanon since 1969. That would be a major Syrian concession. According to Boutros, such individuals are to be grouped near the Syrian border pending final Syrian agreement to let them enter the country.//

25X1 [] //Boutros said he believed that the parties--presumably Syria, Lebanon, and the Palestinians--were close to an agreement in principle, but he emphasized that nothing was definite yet. The US Ambassador in Tel Aviv, in commenting on the plan, notes that Israel is likely to find fault with the partial nature of the proposed Palestinian withdrawals from the border region. []

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AFRICA: UN Apartheid Conference

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[] The UN-sponsored anti-apartheid conference that ended Friday in Nigeria proved less strident than it might have been and avoided some divisive proposals. Nigeria, the conference host, and moderates kept the meeting from becoming a rhetorical free-for-all and beat back efforts by militants wanting more radical language and proposals.

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[] A relatively strong compromise declaration was adopted by consensus. It represented the widest common ground but did not fully please either radicals or moderates. Western states joined the US in expressing oral reservations about the declaration's calls for steps against South Africa--a mandatory arms embargo, a universal cutoff of all nuclear relationships, and a cessation of investments and loans. The document will be forwarded to the UN General Assembly next month and to next year's scheduled UN world conference on racism and racial discrimination.

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[] The Arabs did not seriously push for language that would have equated Zionism with apartheid, and the declaration makes no reference to the subject. Western nuclear cooperation with South Africa was criticized by most delegates, but this did not develop into a major confrontation; there was no determined effort to link Israel with South Africa's nuclear program. West Germany and France received generally harsher treatment than the US on the nuclear issue.

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[] The Soviets and East Europeans showed restraint, apparently preferring not to use the conference as a propaganda forum against the West. The Soviets drew no connection between South Africa's nuclear program and Western aid. The Soviet delegate did call for UN action to prevent South Africa's developing a nuclear arsenal, however, perhaps in preparation for possible Soviet or African initiatives at the forthcoming UN General Assembly.

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[] In all, the conference was a success for the Nigerians, who used it to underscore their strong commitment to majority rule in southern Africa. Head of State General Obasanjo expressed this commitment in his opening speech in a generally reasoned and constructive tone. At the conference, the Nigerians also

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voiced general satisfaction with US policy toward southern Africa. Foreign Minister Garba was particularly laudatory in his comments on US policy and the role played by Ambassador Young. [REDACTED]

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EGYPT--UN: West Bank Debate

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[REDACTED] *Egypt has formally asked that the UN General Assembly session next month consider the matter of Israeli action in the occupied territories, which Cairo charges is designed to change the legal status of the area.*

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[REDACTED] The Egyptian move appears to be part of a larger diplomatic effort to press its Middle East case more aggressively. Foreign Minister Fahmy discussed the Middle East question with 19 Asian and 26 black African ambassadors and charges last week and was scheduled to meet over the weekend with Latin American and non-EC European ambassadors.

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[REDACTED] Contributing to Egypt's decision to launch a diplomatic offensive is the general Arab disappointment with the restrained US response to Israel's recent extension of services to the West Bank and its authorization of new settlements there.

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[REDACTED] Cairo also feels a sense of competition with Syria to demonstrate dedication to the Palestinian cause. Syria, apparently without coordinating with Egypt, gained some advantage earlier by calling for meetings of Islamic and nonaligned foreign ministers in New York in late September. [REDACTED]

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PORTUGAL - ARAB STATES: Economic

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[REDACTED] *//Portugal suspects that recent intimations by Arab League members that they might institute an economic boycott to keep Lisbon from upgrading relations with Israel are exaggerated, but the Socialist government is still concerned that a heated discussion at the Arab League meeting next weekend might result in a boycott vote. Lisbon hopes to mollify the Arabs by supporting their demands for a Middle East settlement and apparently understands that Portugal is being used as an example to discourage other countries that*

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might consider establishing relations with Israel in the near future. The Portuguese are unlikely to backtrack on ties with Israel but will hesitate to open an embassy in Tel Aviv until Arab pressure subsides.//

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//The Portuguese believe that the Arabs would fall back on measures less dramatic than a boycott, such as the downgrading of all Arab-Portuguese diplomatic relations to below the ambassadorial level, to keep Lisbon from opening an embassy in Tel Aviv for the time being. The Portuguese worry, however, that the heat of the discussion may carry the Arabs further than they now intend to go.//

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Lisbon apparently hopes the problem will eventually take care of itself. Although Portugal obtains about two-thirds of its oil from Arab sources, it probably could find other sources in an emergency to satisfy its relatively small needs. The Portuguese have given no indication to US embassy officials in Lisbon, however, that they have seriously focused on assessing the effects of a boycott or considered alternative sources of supply.

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In an effort to assuage the Arabs, the Portuguese have announced that they would allow the Palestine Liberation Organization to set up an office in Lisbon if a formal request were received. They have confirmed Portuguese support of Arab demands for Israeli withdrawal from territories occupied in 1967 and for the formation of a Palestinian state on the West Bank.

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The Foreign Ministry has also postponed indefinitely the opening of a mission in Tel Aviv, claiming a scarcity of qualified personnel. Lisbon is unlikely to go so far as to retract its promise to upgrade relations with Israel, but the

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actual appointment of an ambassador will depend on the resolution of a disagreement between Socialist Party leaders and the Foreign Ministry.

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[] The decision to exchange ambassadors, announced at the Socialist International meeting in April, was a political move by Prime Minister Soares to improve ties with the Israeli Labor Party and was timed to coincide with Soares' departure for the US. Soares presumably was acting in accordance with the wishes of his European Socialist colleagues. The Foreign Ministry was not consulted. Since a new government has been elected in Israel, Soares may decide he has some breathing room in naming an ambassador by the end of the year. []

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GUINEA: Economic Disturbances

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[] Guinean troops are patrolling Conakry, following the outbreak of antigovernment disturbances there Saturday, the first demonstrations in many years in President Toure's repressive leftist state. The underlying cause of the disturbances was popular dissatisfaction over Guinea's chronic food and consumer goods shortages, high prices, and excesses by police charged with enforcing Toure's two-year-old decree aimed at eliminating private commerce. Toure may charge that foreigners are involved in a plot to overthrow him.

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[] The outburst was triggered when police tried to confiscate foodstuffs from women who have continued to operate food markets illegally. Outraged vendors organized spontaneously to attack police and sacked several police outposts. Hundreds of demonstrators--mainly women and children--then protested peacefully at the presidential palace.

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[] Toure called a mass meeting yesterday where he threatened to arrest or execute those who had demonstrated and allegedly refused to start a dialogue with the women. Troops--apparently firing in the air only--then dispersed the crowd. There are no confirmed reports of deaths, and no US citizens or other foreigners are known to have been harmed.

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[REDACTED] Toure is expected to announce further actions against the demonstrators today. His approach is likely to include far more stick than carrot, and Guinea probably is headed for another protracted period of political turmoil.

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[REDACTED] The demonstrations are a black eye for Toure, who maintains that his regime rests on popular support. Toure again may use a tactic he has employed in past crises and allege the existence of a foreign-inspired plot against Guinea's "revolution." Plot scares are one way of rallying the party faithful as well as serving to sanction increased repression against all opposition. Charges against foreigners--particularly neighboring African moderates and Western countries--allegedly acting in collaboration with Guinean exiles have been central to past plot scenarios.

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[REDACTED] The events over the weekend could mean Toure will be less flexible than he has been recently. In the past few months, he has demonstrated somewhat greater concern over Guinea's human rights record and sought to expand relations with the West, and especially with the US.

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[REDACTED] More conflict among Guinea's top leaders also cannot be ruled out. There have long been indications that the regime includes both hard-liners and more pragmatic individuals who differ over the country's economic and ideological course. So far, Toure has exercised supreme authority, and it is unclear whether anyone will dare--has the power--to take serious issue with him. [REDACTED]

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SWEDEN: European Joint Float

25X1 [] *Sweden, faced with sagging exports and dwindling foreign exchange reserves, announced yesterday that it is temporarily withdrawing from the European Joint Float--the so-called snake--until its foreign trade and economic situation improves.*

25X1 [] The Swedish decision was announced following an unexpected meeting of finance ministers and central bank governors of the Joint Float members--West Germany, the Netherlands, Belgium, Luxembourg, Norway, Sweden, and Denmark. The meeting was reportedly arranged to discuss a possible 10-percent devaluation of the Swedish krona requested by Stockholm.

25X1 [] Sweden's withdrawal from the float is clearly a prelude to a sharp cut in the foreign exchange value of the krona. Stockholm has only to decide whether to make a fixed depreciation relative to the West German mark or to allow market forces to determine the krona's value. A depreciation of 10 percent now seems almost certain.

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[] Scandinavian currencies in recent months have been relatively weak against a strong West German mark on the foreign exchange markets. Denmark and Norway, closely tied to the Swedish economy, decided to remain in the European Joint Float, but they announced devaluations of 5 percent against the remaining float members. Prime Minister Sorsa of Finland, which is not in the float, had said earlier that his nation would have to devalue if Sweden did.

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[] The krona has come under heavy downward pressure, intensified by the West German mark's climb against the dollar, which pulled weaker snake currencies along with it. Rumors on Friday of yesterday's meeting sent the Swedish krona plummeting in New York.

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[] Sweden becomes the fifth country to leave the currency arrangement; the UK, Ireland, Italy, and France had left earlier. The Joint Float was formed in April 1972 in an effort to create monetary stability in Western Europe and pave the way for a single European currency.

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[] A worsening current-account deficit has forced Stockholm to dip into its foreign exchange reserves to help fill the balance-of-payments gap. Reserves reportedly dropped an estimated \$1 billion over the past few months as a result of supporting the krona. Sweden also devalued the krona twice in the past 11 months--most recently by 6 percent against the West German mark in April--in an effort to improve its competitiveness in foreign trade.

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ARGENTINA: Human Rights

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[] A number of recent changes in the Argentine government's counter-subversion campaign are apparently intended to lessen human rights abuses. It is apparent, however, that serious violations of human rights continue. They reportedly include an increasing use of illegal methods by small groups within the military and security forces, apparently reflecting rivalries within the power structure.

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[] As a result of the significantly reduced capabilities of terrorist groups, the government has taken steps to control the excessive activities of the security services. Lists of

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prisoners released or sent to trial are being published, and new procedures have been instituted to lessen the chances of "mistakes" in identifying suspected subversives.

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[] In addition, more cases are being transferred from executive jurisdiction to military and civilian courts, although this will not necessarily result in improved conditions for prisoners or end the torturing or killing of captured terrorists. Some detainees only marginally connected with subversives are receiving reduced sentences, others have been granted full release, and some have received authorization to leave the country.

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[] As the antiterrorism campaign diminishes, the abuses and violence that result from inter- and intra-service rivalries are becoming more apparent. The abduction of the Argentine ambassador to Venezuela remains unsolved, as does the disappearance of a prominent labor leader several months ago and of a number of lawyers more recently. There have been no ransom notes in these cases, and the backgrounds of most of the victims offer little to connect them with terrorism or subversion, suggesting that their fate is more closely connected with politics in the military government than with counter-subversion. Such activity reflects the government's inability to control hardliners within its own ranks.

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BRIEFS

PLO-USSR:

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[] Palestine Liberation Organization leader Yasir Arafat arrived in Moscow last night for his first visit there since early April.

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[] Arafat had attended the Egyptian-Libyan border talks earlier in the day and is certain to brief Soviet leaders on that situation. His principal mission, however, is likely to be to discuss the PLO's position on UN Security Council Resolution 242 and other issues pertinent to a Middle East peace settlement. The Central Council of the PLO reaffirmed on Friday its negative public position on Resolution 242, which does not explicitly refer to Palestinian rights.

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[redacted] President Brezhnev had his first extensive talks with Arafat in April. Their discussions at that time reportedly focused on prospects for Palestinian participation in a resumed Middle East peace conference at Geneva. [redacted]
-CIA, DIA, NSA-

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Angola:

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[redacted] Angolan President Neto returned Saturday night from a three-day "private visit" to Cuba, where he talked with President Castro and other Cuban leaders. Other than a brief report in the official Cuban press that the visit confirmed "the close identity of interests between the two countries," there has been no information on the substance of the talks. On his way home, Neto stopped briefly in Algeria to talk with President Boumediene and in Cape Verde, where he met with President Pereira. [redacted]

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[redacted]

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